

15J - PENSION OBLIGATION BONDS DEBT SERVICE

Operational Summary

Agency Description:

This fund is used to record the debt service payments on the County's Pension Obligation Bonds: Series 1994A, Refunding Series 1996A and Refunding Series 1997A. These bonds are a General Fund obligation.

On October 20, 1999 the Board of Supervisors directed the CEO to proceed with actions necessary to eliminate this debt obligation. On March 31, 2000 and June 11, 2000, the County purchased through a tender offer 45% of the outstanding bonds, about \$288.3 million, and then cancelled them. The cost of the purchase was about \$179.0 million.

The remaining Pension Obligation Bonds with a par value of \$350,823,000, were successfully prepaid through an economic defeasance on June 22, 2000. Available funds, including the FY 1999-00 Tobacco Settlement Revenue allocation to the County, were irrevocably pledged for payment, in full, of the bonds and invested in AAA rated debt securities issued by the Federal Home Loan Bank, Federal National Mortgage Association (FNMA). The FNMA securities, along with cash on hand, will be sufficient to pay principal and interest on the bonds when due and payable.

The FY 2001-2002 budget for this fund contains appropriations to record the debt service payments made by the bond trustee from the defeasance escrow fund. There is no "out-of-pocket" payment required from the County.

At a Glance:

Total FY 2000-2001 Actual Expenditure + Encumbrance:	22,004,017
Total Final FY 2001-2002 Budget:	188,398,000
Percent of County General Fund:	N/A
Total Employees:	0.00

Strategic Goals:

- To record debt service payments made by the trustee on the defeased Pension Obligation Bonds.

Budget Summary

Changes Included in the Base Budget:

The County is no longer paying debt service on the pension obligations bonds; the trustee bank makes payments using funds in the defeasance escrow. However, since the bonds are technically still on the County's books, appropriations are needed to record the debt service payments.

The main difference between the FY 2000-2001 budget and the FY 2001-2002 is the requirement that appropriations are needed to reflect the value of the defeasance escrow held by the Trustee. The escrow will be drawn down over a 26 year period.

Final Budget and History:

Sources and Uses	FY 1999-2000 Actual Exp/Rev ⁽¹⁾	FY 2000-2001 Final Budget	FY 2000-2001 Actual Exp/Rev ⁽¹⁾	FY 2001-2002 Final Budget	Change from FY 2000-2001 Actual	
					Amount	Percent
Total Revenues	199,600,432	7,719,021	10,254,345	9,100,307	(1,154,038)	(11)
Total Requirements	32,675,151	37,146,000	22,004,018	188,398,000	166,393,982	756
FBA	21,498,723	29,426,979	188,424,004	179,297,693	(9,126,311)	(5)

(1) Amounts include prior year expenditures and exclude current year encumbrances. Therefore, the totals listed above may not match Total FY 2000-01 Actual Expenditure + Encumbrance included in the "At a Glance" section.

Detailed budget by expense category and by activity is presented for agency: PENSION OBLIGATION BONDS DEBT SERVICE in the Appendix on page 555.